

## EU's sanctions against Russia – The need for clear goals

### *Comments on the 20-21 March Council*

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Over the last two decades, the European Union (EU) has increasingly relied on the use of restrictive measures in its external action. The EU has shown itself to be more open to the possibility of resorting to sanctions outside the United Nations, as well as in cooperation with other international actors, such as the United States. As a permanent member of the UN Security Council, Russia has blocked and is expected to block any efforts of using this international body to address the crisis in Ukraine so the EU cannot hope for a global sanctions regime and is forced to use a unilateral sanctions regime, in cooperation with some other like-minded players (US, Canada, Australia, Japan).

To understand the effectiveness of EU sanctions we provided a framework for their assessment in the EPC Issue Paper [“The effectiveness of EU sanctions - An analysis of Iran, Belarus, Syria and Myanmar \(Burma\)”](#) (authors: Francesco Giumelli and Paul Ivan), consisting of a four-step process of evaluation which looks at:

- i) the role of sanctions in an overall foreign policy strategy;
- ii) the purpose and goals of the policy in terms of coercing, constraining and signalling;
- iii) the impact of sanctions and the costs incurred by the EU;
- iv) and the sanctions' comparative utility.

The following paragraphs very briefly address the current crisis between EU and Russia through the lens of this four-step process of evaluation.

i) Sanctions clearly are one aspect of EU's policy towards Russia and the crisis in Ukraine. The EU leaders have laid-out a three-stage sanctions process. The first step has consisted of the suspension of a series of EU-Russia bilateral talks, the second step is the imposition of travel bans and asset freezes on a number of individuals while the third step, triggered by a continuing destabilization of Ukraine, would involve severe measures, including a broad range of economic sanctions.

Besides using the sanctions' tool, the EU has engaged and continues to try to engage Russia diplomatically, both bilaterally (through public appeals, meetings, phone calls etc.) and in the various multilateral formats (such as the UN and the OSCE). The EU has also adopted a series of decisions (such as suspending participation in the next meeting of the G8 and suspending various bilateral cooperation programmes) which do not fall under the heading of restrictive measures. In contrast, it has adopted a series of positive measures towards Ukraine, by supporting the Ukrainian economy through direct and indirect funding, pledging to sign the Association Agreement and the Deep and Comprehensive Free Trade Area agreement, and general political support. As the situation deteriorates, the role of sanctions in EU's foreign policy strategy towards Russia is likely to increase.

ii) What are less clear are the purpose and the goals of EU's policy. In the first round of sanctions against Russia the signalling element has been dominant. The restrictive measures imposed on the Russian citizens listed were far too weak to coerce or seriously constrain the activity of the Russian leadership. This was underlined even more by the fact that, one day after the imposition of sanctions, the Russian leader signed the treaty annexing Ukraine's Crimean peninsula to the Russian Federation. The second round of sanctions, just adopted last night, besides signalling elements such as the cancelling of the next EU-Russia summit, reinforces the constraining element by targeting individuals closer to president Putin but is, however, unlikely to be sufficient to coerce the regime to change course.

It is also less clear whether and how the differences among EU members states regarding the purpose of the sanctions, and the EU approach more generally, are to be overcome. If some member states see the purpose to be the withdrawal of Russian

forces back to their bases and the return of Crimea to Ukraine, others seem to believe that Crimea is already lost and that economic (*stage three*) sanctions should only be imposed if Russia intervenes in Eastern Ukraine. This latter view seems to be shared by a majority of member states, as proven by the most recent European Council decisions. Moreover, the exact trigger for *stage three* sanctions is also not clear, as Russian intervention in Eastern Ukraine can take diverse covert and over forms. The Ukrainian security services have already arrested several groups of armed Russian citizens operating in Eastern Ukraine.

iii) As in most cases, the impact of the sanctions will be very difficult to quantify. So far, the visible political impact has been negligible as Russia has not changed course, limit its provocative behaviour, or engaged in negotiations. The addition of officials closer to the seat of power will increase the constraints on the regime but is not likely to have a damaging direct impact. Unlike the US, where the president has a freer hand in deciding the targets for sanctions, the EU has to take into consideration the fact that listings have been and can be legally challenged in the General Court of the EU. The Court has reversed EU sanctions decisions by responding to complaints from individuals who have been added to lists of targets. Thus, it is more difficult for the EU to sanction the oligarchs supporting president Putin if they haven't been openly involved in the violation of Ukrainian sovereignty and territorial integrity. In the past, EU member states have been willing to list individuals even with insufficient backing and thus have cases vulnerable to an unfavourable (for the Council) Court ruling and even to relist individuals after they had received a delisting decision from the Court. Such listing has been done for their political impact and with the knowledge that a Court decision will arrive after several years, during which the person sanctioned will face the constraints imposed by the sanctioning regime. It remains to be seen if the member states will be willing to employ such tactics in what concerns the Russian oligarchs supporting the Putin regime.

EU leaders have also asked the European Commission to prepare an assessment of the potential impact of broad economic sanctions. If the EU would pass to economic sanctions, their impact, but also costs, could increase markedly, depending on the type of measures adopted. Russia is highly dependent on the European market, with 45% of its exports going to the EU. Moreover, more than half of Russia's budget comes from the sale of gas and oil to the EU. From the EU side, trade with Russia represents "only" 9.7% of the Union's total trade. The Russian gas imported represents about 30% of gas imports but less than 6% of the total EU energy mix. Even if there is significant geographical variation in what concerns EU Member States dependence on Russian gas imports, the picture we see is that of a Russia that is more dependent on its economic relations with the EU than the other way around.

Tougher economic sanctions would clearly also incur important costs for the EU, both as a direct result of sanctions but also as a result of the response expected from the Russian side. These potential costs are expected to lead to the gradual adoption of economic measures (*several steps three*) and will also play a deterring role, limiting the breadth of the economic sanctions to be adopted.

iv) The breach of international law in the case of Crimea is so serious and clear-cut that the EU could not ignore it. The EU has no legal obligation to intervene militarily or provide military aid to Ukraine and this option has been ruled out by the EU. Given the refusal of the Russian Federation to return to the *status quo ante*, the EU is being forced to use restrictive measures as the toughest policy it can employ in this case. The use of sanctions can ensure that the EU has some 'teeth' to carry out its foreign policy and stand by its values.

To sum up, there is clear need to carefully evaluate what sanctions are supposed to achieve in this case and what are the triggers for more sanctions, in order to build the proper expectations upon which their effectiveness can be judged. It is also essential that these policy goals and the consequences of any further violations are clearly communicated to the Russian side. Given that this crisis develops in the immediate neighbourhood of the EU and involves two of its biggest neighbours, this represents a major test for the EU. The way of handling this crisis will contribute to shaping the image of the EU and of its foreign policy for years to come.

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